



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0558	<b>Title:</b>	Establish the community hunting access partnership
<b>Primary Sponsor:</b>	McChesney, Bill	<b>Status:</b>	As Introduced

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Significant Local Gov Impact     | <input checked="" type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns              |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts | <input checked="" type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$2,959,200	\$2,959,200	\$2,959,200	\$2,959,200
Federal Special Revenue	(\$4,823,172)	(\$18,781,837)	(\$16,406,837)	(\$18,781,837)
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
State Special Revenue	\$0	\$0	\$0	\$0
Federal Special Revenue	(\$18,781,837)	(\$18,781,837)	(\$18,781,837)	(\$18,781,837)
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** Implementation of HB 558 will redirect existing license fees from the Habitat Montana, the Upland Game Bird (UGB), and the Search and Rescue (S&R) programs. An additional \$2,959,200 of General License Account (GLA) dollars will be needed in order to maintain some of those existing programs. New Section 5(5)(a)(ii) would constitute a diversion of license fees and result in the loss of federal dollars.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Fish, Wildlife & Parks (FWP)**

1. New Section 2 requires that fees for the outfitter-sponsored Class B-10 and Class B-11 licenses be deposited in a new state special revenue account for community hunting access partnerships.

2. License year 2008 prices for the Class B-10 of \$1,500 and the Class B-11 of \$1,100 and the statutory target sales of 5,500 and 2,300, would distribute the revenue as follows:

(Class B-11) \$1,100 x 2,300 = \$ 2,530,000	(Class B-10) \$1,500 x 5,500 = \$ 8,250,000
Less Habitat MT \$ 400,000	Less Habitat MT \$ 431,200
Less GLA \$ 204,000	Less GLA \$ 2,755,200
Less S&R \$ 575	Less S&R \$ 1,375
<b>To Hunting Access \$ 1,925,425</b>	<b>To Hunting Access \$ 4,933,425</b>

3. Section 9(2)(a) of HB 558 redistributes the variable priced license revenues as follows:

Class B-11 \$1,100 x 2,300 = \$ 2,530,000	(Class B-10) \$1,500 x 5,500 = \$ 8,250,000
50% to Hunting Access = \$ 1,265,000	50% to Hunting Access = \$ 4,125,000
50% to Community Access = \$ 1,265,000	50% to Community Access = \$ 4,125,000

The net impact is:

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Change</u>
Hunting Access	\$ 6,858,850	\$ 5,390,000	(\$1,468,850)
Habitat MT	\$ 831,200	\$ 0	(\$ 831,200)
UGB	\$ 128,800	\$ 0	(\$ 128,800)
GLA	\$ 2,959,200	\$ 0	(\$2,959,200)
S&R	\$ 1,950	\$ 0	(\$ 1,950)
Community Access	\$ 0	\$ 5,390,000	\$5,390,000
Total Revenue	\$ 10,780,000	\$ 10,780,000	\$ 0

4. Sections 11 and 12 of HB 558 mandate the UGB, the hunting access, and the super tag revenues be used for public access to private and public lands for hunting purposes in accordance with both the hunting access program and the community access program. For this analysis, FWP assumes a 50/50 split as follows:

	<u>Current Law</u>	<u>Proposed Law</u>	<u>Change</u>
<b>Hunting Access</b>			
UGB	\$ 426,212	\$ 213,106	(\$ 213,106)
Access fees	\$ 581,140	\$ 290,570	(\$ 290,570)
Super Tag	\$ 338,578	\$ 169,289	(\$ 169,289)
<b>Community Access</b>			
UGB	\$ 0	\$ 213,106	\$ 213,106
Access fees	\$ 0	\$ 290,570	\$ 290,570
Super Tag	\$ 0	\$ 169,289	\$ 169,289
<b>Total Revenue</b>	<b>\$ 1,345,930</b>	<b>\$ 1,345,930</b>	<b>\$ 0</b>

5. Section 14 of HB 558 provides for a one-time appropriation of \$3.4 million from the hunting access program to the community access program.

	<u>Hunting Access</u>	<u>Community Access</u>
Proposed Law	(\$ 3,400,000)	\$ 3,400,000

6. The redirection of \$960,000 (\$831,200 + \$128,800 = \$960,000) from the Habitat Montana and the UGB programs will reduce HB 5. The redirection of \$1,950 from the S&R program will reduce HB 2 transfers.
7. The establishment of a new community hunting access program will shift \$2,141,815 from the current hunting access program to the community hunting access funds. In addition, \$3,921,150 will be redirected from Habitat MT, UGB, GLA, and S&R to the community hunting access program. Because the two

programs have specific funds identified in statute, FWP is required to track the programs in separate funds and anticipates the following redirection will occur:

	<u>Hunting Access</u>	<u>Other Programs</u>	<u>Community Access</u>
FTE	- 9.57 FTE	0.00 FTE	17.00 FTE
Personal Services	(\$ 371,444)	(\$ 113,539)	\$ 484,983
Operations	(\$1,770,371)	(\$3,807,611)	\$5,577,982
TOTAL	(\$2,141,815)	(\$3,921,150)	\$6,062,965

8. The redirection of \$2,141,815 annually from the hunting access program to the community access program will result in a reduction of approximately 33% from the current hunting access program. The existing hunting access program will be reduced by 9.57 FTE, \$371,444 personal services, and \$1,770,371 operations.
  - a. The loss of \$2,959,200 in General License Account (GLA) revenue will more quickly deplete the fund balance in this account in order to maintain the “other programs” shown above.
  - b. The remaining \$961,950 from HB 5 will not be covered per assumption #6.
  - c. The new community access program will receive approximately \$6,062,965 annually. The program will consist of:
    - i. 7.00 FTE for Conservation Technician 4 positions at \$221,405
    - ii. 10.00 FTE for Conservation Technician 3 positions at \$263.578
    - iii. Total personal services will \$484,983.
    - iv. The balance of \$5,577,982 will be for contracts and operations costs associated with the new program.
9. The code of federal regulations, 50 CFR 8.4 states, “Revenue from license fees paid by hunters and fishermen shall not be diverted to purposes other than administration of the state fish and wildlife agency.” Expenditures of general license fees as required by HB 558, New Section 5(5)(a)(ii) would constitute a diversion of license fees and result in the loss of \$18,781,837 federal dollars per year.
10. The loss of these federal dollars in FY 2010 and beyond will result in the reduction of 128.00 FTE and \$16,406,836 from both Wildlife and Fisheries programs (Personal Services \$10,336,307, Operations \$5,742,393, Equipment \$328,137) and a biennial reduction of \$2,375,000 to FWP’s capital request in HB 5. Loss of these federal dollars in FY 2010 won’t impact expenditures until the last quarter of FY 2010 since expenditures lag revenues by approximately 9 months. Therefore, FY 2010 expenditure amounts are only reduced for 25% of a year.

This table represents the program changes due to HB 558. General license funds are used to maintain existing programs. The table on the next page indicates the additional changes due to loss of federal revenue.

	<b><u>FY 2010</u></b> <b><u>Difference</u></b>	<b><u>FY 2011</u></b> <b><u>Difference</u></b>	<b><u>FY 2012</u></b> <b><u>Difference</u></b>	<b><u>FY 2013</u></b> <b><u>Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	7.43	7.43	7.43	7.43
<b><u>Expenditures:</u></b>				
Personal Services	\$113,539	\$113,539	\$113,539	\$113,539
Operating Expenses	\$3,807,611	\$3,807,611	\$3,807,611	\$3,807,611
Transfers	(\$1,950)	(\$1,950)	(\$1,950)	(\$1,950)
Capital (HB 5)	(\$960,000)	(\$960,000)	(\$960,000)	(\$960,000)
<b>TOTAL Expenditures</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)				
Hunting Access 02334	(\$2,141,815)	(\$2,141,815)	(\$2,141,815)	(\$2,141,815)
Habitat MT 02114	(\$831,200)	(\$831,200)	(\$831,200)	(\$831,200)
Upland Game Bird 02113	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)
General License 02409	\$0	\$0	\$0	\$0
Search and Rescue 02547	(\$1,950)	(\$1,950)	(\$1,950)	(\$1,950)
Community Access New	\$6,062,965	\$6,062,965	\$6,062,965	\$6,062,965
<b>TOTAL Funding of Exp.</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>	<b>\$2,959,200</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)				
Hunting Access 02334	(\$5,541,815)	(\$2,141,815)	(\$2,141,815)	(\$2,141,815)
Habitat MT 02114	(\$831,200)	(\$831,200)	(\$831,200)	(\$831,200)
Upland Game Bird 02113	(\$128,800)	(\$128,800)	(\$128,800)	(\$128,800)
General License 02409	(\$2,959,200)	(\$2,959,200)	(\$2,959,200)	(\$2,959,200)
Search and Rescue 02547	(\$1,950)	(\$1,950)	(\$1,950)	(\$1,950)
Community Access New	\$9,462,965	\$6,062,965	\$6,062,965	\$6,062,965
<b>TOTAL Revenues</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
State Special Revenue (02)				
Hunting Access 02334	(\$3,400,000)	\$0	\$0	\$0
Habitat MT 02114	\$0	\$0	\$0	\$0
Upland Game Bird 02113	\$0	\$0	\$0	\$0
General License 02409	(\$2,959,200)	(\$2,959,200)	(\$2,959,200)	(\$2,959,200)
Search and Rescue 02547	\$0	\$0	\$0	\$0
Community Access New	\$3,400,000	\$0	\$0	\$0

This table represents the loss of programs due to the loss of federal revenues.

	<b><u>FY 2010 Difference</u></b>	<b><u>FY 2011 Difference</u></b>	<b><u>FY 2012 Difference</u></b>	<b><u>FY 2013 Difference</u></b>
<b><u>Fiscal Impact:</u></b>				
<b>FTE</b>	(32.00)	(128.00)	(128.00)	(128.00)
<b><u>Expenditures:</u></b>				
Personal Services	(\$2,584,077)	(\$10,336,307)	(\$10,336,307)	(\$10,336,307)
Operating Expenses	(\$1,435,598)	(\$5,742,393)	(\$5,742,393)	(\$5,742,393)
Equipment	(\$82,034)	(\$328,137)	(\$328,137)	(\$328,137)
Capital (HB 5)		(\$2,375,000)		(\$2,375,000)
<b>TOTAL Expenditures</b>	<b>(\$4,101,709)</b>	<b>(\$18,781,837)</b>	<b>(\$16,406,837)</b>	<b>(\$18,781,837)</b>
<b><u>Funding of Expenditures:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$4,101,709)	(\$18,781,837)	(\$16,406,837)	(\$18,781,837)
<b>TOTAL Funding of Exp.</b>	<b>(\$4,101,709)</b>	<b>(\$18,781,837)</b>	<b>(\$16,406,837)</b>	<b>(\$18,781,837)</b>
<b><u>Revenues:</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$18,781,837)	(\$18,781,837)	(\$18,781,837)	(\$18,781,837)
<b>TOTAL Revenues</b>	<b>(\$18,781,837)</b>	<b>(\$18,781,837)</b>	<b>(\$18,781,837)</b>	<b>(\$18,781,837)</b>
<b><u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u></b>				
General Fund (01)	\$0	\$0	\$0	\$0
Federal Special Revenue (03)	(\$14,680,128)	\$0	(\$2,375,000)	\$0
<b><u>Effect on County or Other Local Revenues or Expenditures:</u></b>				
1. New Section 5(5)(a)(ii) provides for payments to counties. The amount of payment is not known at this time.				
<b><u>Long-Term Impacts:</u></b>				
1. HB 558 impacts the current Habitat Montana, Upland Game Bird, and Search and Rescue programs by redirecting funding to the Community Access Program. In addition, approximately \$2.9M is redirected from the agency's general license account, which will directly impact the agency's overall programs and accelerate the fund balance decline.				
<b><u>Technical Notes:</u></b>				
1. Section 9(2)(a) contradicts current statutes 87-1-242, MCA, (Habitat MT), 87-1-246, MCA, (Upland Game Bird), and 87-1-601(9), MCA, (Search and Rescue).				
2. New Section 2(2)(e) and (k) requires that general funds and federal funds be deposited in a state special revenue fund, which contradicts 17-2-102, MCA.				

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*Sponsor's Initials*


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*Date*


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*Budget Director's Initials*


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*Date*



**Dedication of Revenue 2011 Biennium**  
**HB558 Community Hunting Access Fund**

**17-1-507-509, MCA.**

- a) **Are there persons or entities that benefit from this dedicated revenue that do not pay? (please explain)**  
Secondary beneficiaries of the community hunting access program would be persons who do not pay for hunting or fishing privileges but would appreciate the community hunting access efforts of the department.
- b) **What special information or other advantages exist as a result of using a state special revenue fund that could not be obtained if the revenue were allocated to the general fund?**  
The community hunting access account would be earmarked by the legislature for specific purposes. In order to provide appropriate accountability, separate special revenue funds are needed.
- c) **Is the source of revenue relevant to current use of the funds and adequate to fund the program activity that is intended? Yes / No (if no, explain)**  
Partially. This bill does not generate additional revenue but rather redirects current funding to the community hunting access fund impacting the Habitat Montana, Upland Game Bird,, Search and Rescue, and Hunting Access programs.
- d) **Does the need for this state special revenue provision still exist? ☒ Yes ☐ No (Explain)**  
In order to provide appropriate accountability per statute, a separate special revenue fund is needed.
- e) **Does the dedicated revenue affect the legislature's ability to scrutinize budgets, control expenditures, or establish priorities for state spending? (Please Explain)**  
No. No expenditures can be incurred by the agency unless the legislature has approved appropriation authority.
- f) **Does the dedicated revenue fulfill a continuing, legislatively recognized need? (Please Explain)**  
If HB558 passes, the legislature has recognized the need for a community hunting access program. This fund will allow the agency to appropriately account for the funds.
- g) **How does the dedicated revenue provision result in accounting/auditing efficiencies or inefficiencies in your agency? (Please Explain. Also, if the program/activity were general funded, could you adequately account for the program/activity?)**  
Auditing efficiencies include a clear audit trail to support the non-diversion clause of state and federal statutes. It also provides appropriate and efficient accountability to our users.